

FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

MEETING MINUTES

July 29, 1998

**WestCoast SeaTac Hotel – Seattle Room
SeaTac, Washington**

The first meeting of the Freight Mobility Strategic Investment Board was called to order at 9:00 a.m. by Chairman Dan O'Neal. Board members present were Mr. Clifford Benson, Councilmember Barbara Cothorn, Councilmember Bob Edwards, Ms. Patricia Otley, Ms. Jennifer Joly, Mr. David Kalberer, Mr. Don Lemmons, Councilmember Carol Moser, Mr. Sid Morrison, Commissioner Mary Seubert, and Mr. Jim Toomey. Also present was Ms. Jenny Browning from the Assistant Attorney General's office.

WELCOME AND INTRODUCTIONS: Chairman Dan O'Neal welcomed the board and asked members to introduce themselves. He also introduced two special guests, Senator Eugene Prince, Chair of the Senate Transportation Committee, and Representative Karen Schmidt, Chair of the House Transportation Committee. They each addressed the board on the Legislature's perspective and the intent of this board. Mr. Dennis Ingham introduced the staff present from Washington State Department of Transportation (WSDOT) and Transportation Improvement Board (TIB).

Chairman O'Neal spoke briefly on the freight mobility issue in this state. Washington's success as an international freight mover is due largely to its efficient freight mobility network. Swift movement and timely deliveries contribute toward keeping transportation and trade costs low, which ensures the state's competitive role in world markets. Since as much as seventy-five percent of the trade that flows through Washington could easily be diverted to other West Coast states, the preservation of the state's mobility network is critical to Washington's continued economic health and future growth.

The process of understanding that there is such a thing as freight movement in this state has been recognized by the people in the freight business who provide transportation or who pay for it. He mentioned that several years ago there was a session put on by WSDOT that addressed the question raised by the legislature on why don't we just shut down the delivery of freight during regular working hours. If we do that, we could alleviate a lot of the congestion problems on our highways. After a session examining some of the issues, it was determined that you could shutdown all of the truckers on the highway, but it still wouldn't have an effect on the movement of vehicles on the highways. Truck traffic amounts to 4% to 7%.

Freight is a very important aspect of transportation. It has been often stated that freight doesn't vote, so therefore it doesn't get the recognition. After some consideration, people began to realize, while it doesn't vote as such, freight does involve the movement of Washington's products into and out of this state, and means jobs. An efficient freight system is essential to the economic vitality of this state. Washington is more dependent on trade than that of any other state. The growing economy is highly dependent on the success of the state's transportation network. The state legislators recognized that the safe, reliable, and efficient movement of freight is important to the state's economy. In the 1998 Session, the legislature passed ESHB 2615, which created the Freight Mobility Strategic Investment Board for the purpose of reviewing and recommending funding, on a prioritization basis, for freight mobility transportation projects that are of strategic importance to the state of Washington.

REMARKS FROM SENATOR EUGENE PRINCE, CHAIR OF THE SENATE TRANSPORTATION COMMITTEE: This project that this board is undertaking is critical to the future of the state of Washington, not only to those involved, but economically as well. I'm sure you are all aware of the increased traffic that has been coming out of Asia and how the long trains out of the ports tie up traffic. Traffic separation is very important. All of you are aware, we are in competition with Long Beach, California. This city is ahead of us. They've been working on selling the public and they've got it funded. They have started digging a 20-mile trench. The railroad will be located on the bottom with bridges across the top to move the traffic. This allows the freight to move out of the port without impeding traffic or the trucks coming into the port. This is something that Washington is way behind on. We are aware of the problem and the increase in traffic. We have to take an active approach to traffic separation in order to move our goods to ensure the economic viability of this state and our citizens. There is one important aspect of this Board's mission which is not mentioned in the bill, and that is educating the public as to this need. One of the difficulties the Legislature has in approaching this is getting people that understand what the need is to justify the amount of money it is going to take to do this. In the initiative that is up to the vote of the people this fall, there is \$300 million set aside to help; however, that isn't going to begin to do the job. We need the cooperation of the cities, counties, public and private sectors, and the state all trying to share if we are going to get the money put together to resolve this. If you fail and do not get this traffic separation problem accomplished, not just out of the Ports of Tacoma and Seattle but throughout the state, people will be upset. The idea of only allowing truck traffic during certain times of the day may get political clout, and that does not solve the issue at hand. The Legislature needs this board's help to try and give a forward push with the needs that we know are there. There is universal support in both houses to try and resolve this and to maintain and enhance the economy of this state and those people who are working within the state who provide that economy.

REMARKS FROM REPRESENTATIVE KAREN SCHMIDT, CHAIR OF THE HOUSE TRANSPORTATION COMMITTEE AND PRIME SPONSOR OF EHB 2615: Representative Schmidt reviewed the background that prompted the current legislation. The state was starting to lose market share. There was a great deal of competition from Long Beach and the Alameda Corridor, and closer to home; the Delta Port, which was also planning some competition for

shipping in this area. We were seeing a loss of market share. We are the most trade dependent state, and this obviously was a great concern for us, and the legislature felt they had to be very aggressive in moving forward on a freight solution. We also recognized that the partners were all concerned about trying to solve the problem. There wasn't a way to bring everyone together to maximize not only our ability to work together, but to also maximize our dollars and leverage each others' money to come up with some real solutions that would be more than just cosmetic, but would take on those big projects that we know are really hurting us economically. This partnership is between all the players who have come to the table to put this program together.

Over the last three years, the guidance from the cities, counties, ports, the railroads, the private sector, the users, and the beneficiaries of the freight movement has been invaluable in trying to come up with what this core program should do. The legislature recognized very early on that this is not a one-time only project. This is the beginning of an ongoing project for this state. We will always have to be concerned with the movement of freight, and while we may solve many of our larger problems in the first six or twelve years, there will be a continuing challenge for this state to make sure that we don't have any of our trade corridors clogged. The task of this board is a little daunting. This board has to decide how to establish where the strategic freight corridors are, and what is going to work for everyone. This board must decide where the strategic corridors will be located, how to pay for them, and who is going to pay for what share. That will not be an easy task.

The first step was to create a board that was independent and have the visibility focusing solely on freight movement needs. Having this unique partnership where everyone around the table has a checkbook and they can help solve the problems, not only through their decisions, but helping to fund it. The Legislature is prepared to place a sizeable number of dollars into this program to leverage what the locals, private sector, the port have, and what is coming from TEA-21. That was the one partner that wasn't involved in most of the discussions, because no one knew if we were really able to convince Washington D.C. that freight movement was an issue that they needed to be concerned with, because it was also the economic vitality of the country. They now have identified some dollars for freight and have looked at things like our border crossings. Last session, the Legislature identified around \$400 million out of a \$2.4 billion budget that we wanted to see placed in the pot for freight solutions to start this program, leverage other dollars, and to begin the work necessary. That was divided almost equally between the state's portion, as well as the local government's portion. They wanted to make sure as they moved forward there wasn't a situation where a small town or a county would not have the resources available to pay their share, therefore, the project would be delayed. They wanted to be sure there was some money so they could move forward with these projects. That was the assistance, not only for local governments, but also for the state to have its share and be ready to go.

The formulas that the board creates are very important. They have to work on the large projects, as well as the small ones. They have to work in Eastern Washington, as well as Western Washington. They have to be predictable and fair to everybody. That is not going to be a small challenge to take on. The beginning of any board or organization is the hardest challenge of all.

The rules that the board is going to establish are ones that are going to have to work, not only for the next six years, but for each of the subsequent times that we will be looking at the freight issue and putting more money in. The formulas and methods the board comes up with and how the projects will be selected and how to phase them will be very important to the legislature, not only to be able to sell this plan, but to ensure it is fair and equitable. This must be supported by the local governments, state governments, private sector, ports, everyone. These formulas have to make the best investment of our dollars.

When the board determines, not only what projects will be selected and what order, the legislature is asking how the cost is going to be determined and who are the beneficiaries. How much should each of the beneficiaries pay for their share of the benefit? These dollars need to be spread as far as they can and actual movement issues. Anyone that wants to put landscaping around these projects can do it on their own. As the board determines how to come up with the percentage, it has to work in a number of areas. Your job is to not only select the projects, but also what order they go in, and who is going to have to pay what share. That has to work statewide, on both the East and West side.

There has to be participation from all the partners. The Governor's proposal was a 20% share; however, it was felt that was too rigid.

One of the major projects that need to be funded is the snow shed over I-90. The closest community is Easton, which can't possibly pay their fair share of that massive project. The formulas that are developed have to come up with situations such as Easton's. Small communities such as Algona will have an extremely high impact by some of the freight movement, as in the case of Easton. However as the board determines the formulas, it has to factor in the small communities who do not have the resources to come up with large amounts of money. There are some areas that have ports that can participate, while in other areas that do have a port present but can't contribute large sums.

The predictability has to be one of the things this board needs to focus on. As long as everyone knows what the rules are, they will be able to continue to support the board's efforts and continue to work together to come up with the solutions, because they know what the rules are going to be. The more we are able to spread the costs and have as many partners as possible, more projects further down the list can be funded. There is a list that has already been put together; we can get partway down the list, even with an aggressive program. However, there are still a lot of projects that can't get funded. The more the dollars can be spread and the more partners we can bring in, the farther down the list we can go. And as various communities can see the success of this program and some of the problem areas solved, there will be additional support of this program.

If this program is a success Washington will continue to have a robust economy. If it is not, our Eastern Washington grain shipments and Western Washington's mobility will be affected.

Sid Morrison expressed, on behalf of the board, appreciation for Senator Prince and Representative Schmidt for their leadership and efforts in getting this program moving. He also reiterated, that this board has to determine the needs and to come up with lists of potential projects before the legislature can act. Representative Schmidt responded by saying that there is already a list compiled and is much larger than can be taken on in six years, which everyone is aware of. The cheaper the projects and the more partners involved, the more projects that can be funded. The Legislature prefers to know what they are paying for. If they know that in the next two years these are the projects that will be the first to get funded, at least they know what they are going to be paying for and what they can anticipate. This list is not cast in stone and can be modified as needed. There will be some projects that will come and go, and some that will move higher up the list. As an example, if there happens to be a draw down of the Columbia River, this Board needs to be prepared to act. It would be disastrous for this state if shipments could not be moved down the river. This is not a one-time only shot; this is an ongoing program.

Chairman O'Neal asked Representative Schmidt if the criteria that is mentioned in the legislation meant to be followed rigidly by this board or do we have some flexibility. Representative Schmidt commented that they were trying to get this legislation passed two years ago. In trying get keep the visibility of freight mobility high, the Freight Mobility Advisory Committee (FMAC) was formed by the Legislative Transportation Committee (LTC) to come up with findings and recommendations, which they did in 1997. The FMAC came up with policy directions and an unranked project list. That doesn't mean that that group's recommendations or the list of projects that were developed limits this board. As the board develops guidelines of how projects are selected, perhaps the board may want to go back and see if those projects already selected meet the criteria established by this board.

Chairman O'Neal asked Jennifer Joly to share what the Governor's perspective is regarding this board and what we have been mandated to do. She noted that the Governor is very supportive of this program because it is so vital to trade and our economy. He recognizes the importance of leveraging funds and partnering.

WHY ARE WE HERE? Chairman Dan O'Neal provided a few comments regarding what lies ahead for this board. We are here to take a look at the broad picture of freight transportation in this state. This is a long-term program, not just a one-year program. This board needs to think in terms of laying the framework that will be in place for many years to come. Fortunately, we don't have to start with a blank slate. There has been a tremendous amount of work done prior to the formation of this board.

BACKGROUND OF FREIGHT MOBILITY WORK TO DATE: Ms. Kjris Lund, Principal of Lund Consulting, provided the board with some background of the work that has been done to date on the freight mobility issue. During the 1996 interim, the LTC appointed the FMAC to analyze the state's freight mobility needs, identify high priority freight transportation projects, and make policy recommendations to the legislature. The FMAC recommended the state take the lead

in establishing a freight mobility transportation program based on forgoing partnerships among all the interested parties to fund improvements along strategic freight corridors.

During the 1997 interim, the Freight Mobility Project Prioritization Committee (FMPPC) was established to recommend specific criteria for use in ranking freight mobility projects. The FMPPC also applied that criteria to proposed freight mobility projects and established the statewide freight mobility project list. The criteria for eligibility that was developed included freight mobility for the project area, region, state, and nation (reduced delays, increased capacity); general mobility (reduce queuing and backups); Safety (reduce railroad crossing accidents, improve emergency vehicle access); increase freight and economic value (access to key employment areas, improved mainline rail); environment (reduce vehicle emissions, train whistle noise); partnerships (public and private sector participation, critical timing of investment); and consistency with state and regional plans, cost effectiveness and special circumstances.

In the 1998 Legislative Session, the Washington State Legislature passed ESHB 2615. This bill created the Freight Mobility Strategic Investment Board (FMSIB) for the purpose of reviewing and recommending funding, on a prioritization basis, for freight mobility transportation projects that are of strategic importance to the state of Washington.

FUTURE TASKS: Denny Ingham reviewed a flowchart of the tasks the board needs to undertake. The following are the tasks that were identified: Rules and procedures; Executive Director for the Board; possible funding of freight studies; Budget Process; Determining state share (a committee will need to be appointed to select consultant); Requesting FMPPC project updates; and Present to legislature a prioritized project list. This list will be continually modified to reflect items the board will need to complete.

BOARD BY-LAWS: Jerry Fay, Executive Director of the Transportation Improvement Board reviewed a draft of the Freight Mobility Strategic Investment Board bylaws. He noted that a copy of the bylaws have been reviewed by Ms. Jenny Browning, Assistant Attorney General. The board discussed the possibility of establishing an Executive Committee to handle day-to-day issues that cannot be delayed until the next board meeting and other such duties as assigned by the board. It was noted that all committee actions will be reported at the next board meeting.

Moved by Mr. Morrison, seconded by Councilmember Moser to amend the bylaws to include a section that would establish an Executive Committee to handle day-to-day issues and other duties as assigned by the board.

MOTION CARRIED

The following are the remaining changes the board made to the bylaws:

ARTICLE II – Officers of the Board

Section 1, (b), Vice Chairperson - The board added the wording “two-year term”

ARTICLE III – Time and Place of Meetings

Section 1 – Regular public meetings of the board shall be held on the third Friday of every month in SeaTac, Washington.

Expenses of the Board

This section was stricken from the bylaws. There will be agency request legislation submitted to the 1999 Legislature that would enable the expenses of the board to be covered.

ARTICLE X – Conduct of Members at Board Meetings

The first sentence was changed to “declare their relationship to a project”.

The changes will be made to the bylaws and will be brought back to the board for adoption at the next meeting.

Mr. Morrison brought up the issue of staffing of this board. After considerable discussion, it was decided to use the existing staff from WSDOT TransAid, TIB and County Road Administrative Board (CRAB). The legislation does specify that the board must hire an executive director. Chairman O’Neal appointed the following members to a committee to look at the process the board will take to hire an executive director and to develop a job description: Councilmember Barbara Cothorn, Chair, Mr. Cliff Benson, Ms. Jennifer Joly, Commissioner Mary Seubert, and Mr. Jim Toomey.

Moved by Ms. Otley and seconded by Mr. Kalberer to appoint Mr. Dennis Ingham as acting Executive Director of the Freight Mobility Strategic Investment Board until that position is filled.

MOTION CARRIED

DETERMINING STATE SHARE FOR FREIGHT PROJECTS: Ms. Lund reported that the purpose for having this on the agenda is to make the board aware that this is an issue that will have to be dealt with at future board meetings. The board will have to adopt rules that give preference to projects that contain the greatest levels of financial participation from non-state freight-program sources. Chairman O’Neal appointed the following committee that would define some alternative approaches in determining the State’s share for freight projects: Councilmember Bob Edwards, Chair, Mr. Dave Kalerer, Mr. Don Lemmons, Councilmember Carol Moser, and Ms. Patty Otley.

Mr. Dennis Ingham reported that the board needs to take action to extend Ms. Lund’s contract since she has worked extensively on the freight mobility issue.

Moved by Mr. Toomey, seconded by Commissioner Seubert to authorize the extension of Ms. Kjrystine Lund's contract and to give the committee appointed authorization to develop a scope of work to determine state's share.

MOTION CARRIED

MEETING SCHEDULE/FUTURE AGENDA ITEMS: Chairman O'Neal stated that the meeting schedule of the FMSIB has been set for the 3rd Friday of the month. The Board expressed an interest in two items for future agendas: the first is a briefing by Mr. Jerry Lenzi, WSDOT Eastern Region Administrator and/or Mr. Ken Casavant, Professor at WSU on the Columbia River draw down. Another item of interest to the board is to have Ms. Jerry Ellis provide a list of studies completed on freight mobility. Mr. Sid Morrison suggested that staff develop some performance measurement recommendations that would show the public the value and benefits of the completed projects. Mr. Ingham reported staff will provide the board with a process to develop performance measurement, at the next board meeting.

The next scheduled meeting of the Freight Mobility Strategic Investment Board is August 21, 1998, in SeaTac.

MEETING ADJOURNED 2:37 p.m.

A. DANIEL O'NEAL, CHAIRMAN

ATTEST:

DENNIS B. INGHAM, ACTING EXECUTIVE DIRECTOR